

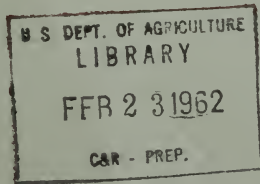
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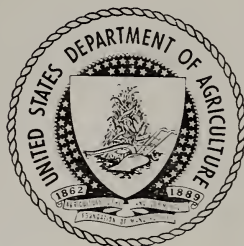
*Capon Springs, West Virginia
November 2-5, 1961*



UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE
WASHINGTON 25, D. C.

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FOREWORD

Our mountain-top meeting demonstrated that there is no substitute for a good understanding -- of each other and of mutual problems. We gained much understanding and this laid the keystone of a better organization, one that will continue to be strengthened by our individual and collective efforts.

I am confident that by employing our "mountain-top" attitudes in our day-by-day tasks, we shall continue to increase our effectiveness in the public service. With the same enthusiastic approach toward finding solutions as was taken in identifying problems, we will grow stronger and achieve success.

A handwritten signature in cursive script, reading "S. R. Smith". The signature is written in dark ink and is positioned above the printed name and title.

S. R. Smith
Administrator

UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Marketing Service
Washington 25, D. C.

REPORT ON AMS MOUNTAIN-TOP CONFERENCE

The Administrator, his immediate staff, and Division Directors met Thursday night, Friday, Saturday and Saturday night, November 2-4, 1961, at Capon Springs, West Virginia, to discuss selected phases of AMS program operations and methods for planning and administering them more efficiently.

DESIGN OF CONFERENCE

This "Mountain-Top" conference was designed to stimulate thought and study and encourage active participation by each person in attendance. The operations and problems to be considered were grouped into eight subjects. A chairman and three discussants were assigned to each subject. They were to study the subject as a group and to present it to the conference in a manner which would stimulate individual participation and discussion. Thus, each participant had at least one formal assignment. This helped to prevent the discussion being centered around a few of the participants. Each person, therefore, was encouraged to express his ideas, thinking, and philosophies to others in attendance.

KEYNOTE

The Administrator keynoted the conference by placing before the group some of his philosophies relating to Agency mission and operation, use of managerial skills, and Agency needs. His remarks constituted a challenge for individual employee and Division participation in, and contribution to, actions to improve the effectiveness of AMS and Department operations. The following illustrates the topics he emphasized.

Our Mission. The multi-functional assignments in the administration of the complex of laws basic to AMS operations may cause us to subordinate our overall Agency mission. This mission might be described as --

- Administering effective marketing and distribution programs,
- Helping farmers achieve equitable prices in the market place,

- Improving facilities and techniques of marketing,
- Preventing unfair trade practices, and
- Facilitating the sharing of the Nation's abundance at home and abroad.

We need to review this mission frequently in relation to our administration of the programs for which we are individually responsible. We also need to know and appreciate the importance and impact the changing market structure is having on our mission and on our activities.

Our "Board of Trustees." The top staff of AMS, in a participative management framework, is the "board of trustees" on whom the Administrator must rely for "grass-roots" improvements in the effectiveness of AMS programs. To accomplish such improvements each of us must assure that his respective Division goals and objectives support and strengthen the goals and objectives of AMS. To do so, we must strive for the closest possible working relationships among Divisions, and between Divisions and the Administrator and his staff. We must share our experiences; we must forge a common ground. This will bring Agency strength.

Our Management. Our points of view and biases, if any, are influenced by our places in the organizational hierarchy. As we change seats, our points of view change. Our collective goal is for AMS to be the best managed Agency in the Department and to be so recognized, within and outside the Department. The first step has been taken in realigning our organization.

Our Roles.

Program Divisions are the centers for implementing basic Agency responsibilities. Each is a trustee or delegatee; each is a center of prime activity. But trusteeship does not mean that any one of us has carte blanche authority to go his own way. We need to discuss problems, plans, and ambitions. We must communicate! Good communication helps all of us gain a clearer understanding of our goals. We, in the Administrator's Office, have no intention of usurping the role of any Division. If you, at the Division Director's level, can keep the Administrator's Office informed of your plans and problems you will enable us to be prepared and, in turn, keep others informed of important aspects of Agency work.

Staff Divisions have a dual role: one of staff assistance to the Administrator's Office, and one of service to the program Divisions.

Our Skills. There are three types of managerial skills -- technical, human, and conceptual.

AMS enjoys a splendid reputation for its technical skills.

We are doing fairly well in utilizing our "humanistic" skills, but we can all do better. Each of us should try practicing for one week at a time each of the following human relations skills.

- Maintaining self-control. Know yourself.
- Learning to listen -- actively, not passively. Active listening requires self-discipline.
- Explaining fully.
- Expressing appreciation.
- Stressing the positive.
- Criticizing gently. We all have our deficiencies and shortcomings. A little criticism goes a long way.
- Considering each employee as a person -- an individual. Human dignity cannot be disregarded.

If we practice these skills, we would soon notice the difference, and so would those around us.

But we need to concentrate on improving our conceptual skills if we are to achieve our goal of a well-managed organization. As in humanistic skills, the improvement of conceptual skills is also largely a matter of individual effort, discipline, and practice. We need to shake loose any cellular thinking and look about us to see where the overall organization should be going. Divisions should also be more interested and informed regarding each other's programs.

Our Needs. Some of our prime needs revolve around:

- Strengthening of our Agency unity and sense of overall mission. We need to evaluate our individual efforts in many areas, both managerial and technical, and to direct and coordinate these efforts through the development of overall AMS goals and objectives.
- Consideration of work programming, and development of standards by which we can measure our progress toward established goals. This system needs built-in reporting procedures and signaling devices related to scheduled plans.
- Assessment of our cooperative Federal-State programs and relationships. We need to chart ways for improving effectiveness of those programs, upon which so much of our important work depends.
- Review and coordination of our efforts to keep the public informed of our programs, which they have the right to expect and, in fact, need to know if we are to reach our objectives.
- Improvement and strengthening of our Agency-wide training program to insure that AMS employees from top to bottom receive needed training on a systematic basis. This is essential if we are to attain maximum effectiveness in the use of our manpower, funds, and facilities. We need to evaluate the training programs now being followed in each of the Divisions so that the most successful practices can be incorporated in an effective Agency-wide program. We must also develop a program of succession to develop capable supervisory replacements.
- Appraisal of our legislative authorities as related to the changing marketing structure and the possible impact of the Agricultural Act of 1961. Our authorities must keep pace with our responsibilities, obligations, and opportunities to administer effective marketing and distribution programs.

In considering AMS activities we must keep in mind the essentiality of AMS policy supporting and supplementing the policies of the Secretary and his Staff.

GROUP DISCUSSIONS

Conference discussion emphasized the mission of the Agency, development of work plans, public relations, cooperative programs, various phases of our respective administrative responsibilities (such as training and financing), and legislative needs. It was not anticipated that the conference would develop tailor-made solutions to specific problems, but would create a general awareness among top management of subjects requiring study and policy development. Some of the significant general observations which developed during the discussion are as follows:

1. Work Programming.

- a. The Agency must develop systematic forward planning of its programs, with built-in work standards and reporting systems.
- b. In developing meaningful work plans, ample consideration must be given to changes in marketing structure and practices and the impact they exert on AMS programs as well as related programs of other public agencies.
- c. Steps to be taken in work programming:
 - (1) Define or limit problem.
 - (2) Establish performance objectives and secure agreement from those who will carry them out that the objectives are fair, realistic, and obtainable. The goals should be high enough to challenge and test the capability of the program and those who manage it, but also realistic enough to be attainable.
 - (3) Set a target date.
 - (4) Record performance against goals.
 - (5) Counsel on progress against goals.
 - (6) Review final results against goals.

The key is knowledge and understanding by all concerned of what constitutes the goal, and what is judged to be effective performance.

- d. Presently used plans for work programming, such as the market news plan (now ten years old), should be reviewed and updated as necessary.
- e. Management work standards should be developed and adopted, where applicable, on an Agency basis.
- f. Methods of work programming may be improved through use of consultants, experts from commodity or trade groups, advisory committees, staff review, and appraisal by groups directly served.

2. Public Relations.

- a. The Secretary is vitally concerned with the need for improving public understanding of the Department's programs and its efforts to improve the economic position of farmers. In support of this objective, AMS must intensify its efforts to broaden and strengthen public understanding of the programs for which it is responsible.
- b. Sporadic or periodic promotional and educational effort will not achieve good public relations. Every employee must understand that each contact made in the day-to-day conduct of his work provides the opportunity to strengthen public understanding and support for the Department and its programs.
- c. Good management is basic to sound public relations. The establishment of clearly defined objectives, good communications, and effective employee development and training will all contribute to securing public acceptance and support.
- d. Although some of our programs do not have direct impact on producers or consumers, efforts should be made to gain a broader understanding by producers and consumers of the benefits accruing to them indirectly from the operation of these programs.
- e. In administering our programs and in contacts with marketing agencies, we must avoid being unduly influenced by a few large or dominating agencies whose interests do not necessarily reflect the broad public interest.

- f. Good management requires that demonstration, information, and educational activities be undertaken to the extent necessary to acquaint users and beneficiaries of the program with pertinent facts and information. This will aid them in making more effective use of the services and functions available to them.
3. Training Program. In training our employees in how best to handle their assignments we must:
- a. Develop a more systematic plan for training supervisory and managerial employees. Such a plan would involve:
 - (1) Identifying each supervisory and managerial position in the Agency.
 - (2) Establishing minimum standards for types of training the occupants of these positions should have.
 - (3) Scheduling such training on a position-by-position basis.
 - (4) Evaluating the effectiveness of the training programs in terms of how well the Agency is meeting its objectives and how well the individuals being trained are meeting their responsibilities.
 - b. Appraise the adequacy of our technical training which, though considered excellent, needs continuing review in relation to changing marketing practices and program requirements.
 - c. Encourage employees to intensify self-development plans, and provide reasonable aid and assistance in such plans.
 - d. Consider the development of guides for selecting employees to be assigned supervisory or managerial positions.

- e. Provide on-the-job training under competent supervisors as an essential part of our training program, realizing that this on-the-job training, according to research, is largely responsible for the effectiveness of "managers."
4. Field Office Functions. In discussing ways in which our field offices can function best the following suggestions were made:
- a. A more effective procedure needs to be developed for keeping field employees, particularly those in key positions, better informed of Agency and Department programs, objectives, and responsibilities. This is of increased significance for programs such as defense and rural area development where there are Agency-wide assignments.
 - b. Defense work, under the Department's policy of "built-in" readiness in the field, demands a field capability independent of national control. This requires that Agencies nominate qualified field people for defense assignments. Differences of opinion were expressed as to whether Trust fund employees should be given defense assignments.
 - c. With nearly 80% of its employees being headquartered at over 500 different locations in the field, AMS has a real opportunity to render service. This also presents a distinct challenge in the management and full utilization of these offices and their staffs.
 - d. Each Division should review its delegations to field offices, both program and administrative, to be sure that the capabilities of these offices are being utilized fully.
 - e. Management staff can and should help upon request in many special situations, or by bringing to the attention of program officials any conditions they believe should be corrected.

5. Cooperative Federal-State Programs.

- a. Program Divisions have few differences of significance in their views regarding the nature and degree of State participation in Federal-State inspection, grading, and market news projects. However, further unification of Agency-wide methods in conducting cooperative programs would strengthen the overall program.
- b. AMS should strengthen technical direction and, in effect, "line" supervisory authority over the technical phases of Federal-State marketing service programs. Within this concept, the use of Federal employees, joint employees, or licensed State employment is not an important issue.
- c. There was a general concensus that the use of either Federal or State trust funds for joint projects provides an acceptable basis for operation.
- d. Study should be given to developing a more standardized financial formula for determining the AMS share of inspection and grading funds collected under Federal-State projects. The different plans now in use create misunderstandings even though the net result may be comparable.
- e. To strengthen our Federal-State programs we should:
 - (1) Study the development of master agreements for Federal-State projects for which this approach is not currently being followed. This will eliminate the replication of standard paragraphs in several agreements with one State agency, and also reduce the possibility of minor and unnecessary differences in approach between Divisions.
 - (2) Develop with State agencies concerned more effective plans for exchanging information on programs, progress, and problems of mutual interest. This is of particular interest in States that are intensifying their activities in our functional areas of interest.

- (3) Evaluate national versus State needs for, and public financing of, programs of mutual interest to national and State governments (such as the market news program) and update, if necessary, the criteria currently used in such determinations.
- (4) Establish closer collaboration between the Matching Fund Program and related Federal marketing service programs.

6. Working Relations With the Food and Drug Administration.

- a. The existing agreements between AMS and its predecessor agencies and the Food and Drug Administration should be examined to determine what revisions may be necessary, based upon the cooperative work experience of recent years and problems of mutual interest which may now exist.
- b. A focal point should be designated in AMS for the purpose of agency-to-agency periodic discussions of policy or problems of possible mutual interest. The designee could spearhead the joint consideration of the agreements mentioned above. Also, he could exercise leadership in convening groups from time to time for seminars or program discussions comparable to the functionality of the Department's Residue Committee, which has served as a useful vehicle for both the Department and the FDA. It should not be construed that all actions or contacts involving AMS-FDA on a day-to-day basis would be funneled through this designee.
- c. There was not complete agreement that AMS, as a matter of policy, should notify FDA of specific situations coming to AMS attention which may be hazardous to health. This phase of the subject merits additional discussion, perhaps under the chairmanship of the individual designated as the AMS focal point on FDA matters.

7. Possible Impact of Agricultural Act of 1961.

- a. The requirements of the Agricultural Act of 1961 could be a very effective force for improving the legislative base of AMS.

- b. Sub-Title A, concerning consultation, goes far beyond the advisory committee concept and could help to improve our legal tools, which might not be as effective as when the marketing structure was not so complex.
- c. Emphasis is now being given to self-help stabilization programs with the use of marketing agreements and orders. The extent to which these legal tools are used over and above the number of programs already in effect is of direct interest to AMS responsibilities.
- d. A marked increase in the use of marketing agreements and orders for commodities that would require mandatory grading and inspection, for example, could have a very significant impact on AMS personnel engaged in the service work that would be required.
- e. Overall, we should appraise the requirements for standardization work, inspection and grading, and market news, in relation to our current and projected agency capability, and provide new or improved services where necessary.
- f. During group discussion the following questions were raised:

Should the laws under which AMS operates be reexamined in the light of present-day needs and requirements, and potential needs for the future?

Are laws comparable to the Packers and Stockyards Act needed for administering the fruit and vegetable program?

Would it be useful to have authority under which export standards could be established for poultry, eggs, and grain?

What contribution can AMS make to further enhance U. S. agricultural exports and the reputation and acceptance of our commodities abroad?

8. Financing AMS Operations.

- a. AMS is a \$1-billion-plus Agency. Funds budgeted for obligation by AMS in 1962 are about 553 millions. The source and relative size of its financial operations are as follows:

	<u>Percent of Total</u>	<u>Percent of Salary and Related Expense Funds</u>
Annual appropriations	38	56
Permanent appropriations	39	8
Transfer Accounts	19	1
Fees and charges	$3\frac{1}{2}$	29
Advances and other reimbursements	$\frac{1}{2}$	6

- b. There are more than 120 allotments, with 449 work plans.
- c. Program expenses (grants, food purchase programs, etc.) comprise 87% of budget; salary and related expenses, 13%.
- d. Program Divisions acquired a more comprehensive understanding of the underlying concepts and methods followed in financing indirect overhead and other costs essential to Agency and program functioning outside program Divisions, including cost factors such as fees, charges, and reimbursements.
- e. Further followup should be taken. The following were suggested:
- (1) Small group discussions with program Divisions to provide orientation and develop understanding in greater depth regarding services available from, and the methods of financing, the management services Divisions.

- (2) Reorientation and inter-divisional exchange of experiences and methods of budget execution, i.e., administration, including planning, directing, controlling, recording, and reporting, and scheduling and rescheduling budgeted programs of work.
 - (3) Development of improved two-way communication between program Divisions and the Budget and Finance Division on methods and changes in financing within Divisions, and for AMS as a whole.
 - (4) Review of variable factors justifying, from a practicable viewpoint, deviations from the "base rate" in determining charges for indirect overhead services for particular funds or activities. In this review, recognition should be given to a practicable balance between equity in charges and additional costs of a highly sophisticated cost analysis system.
 - (5) Enumeration and definition of cost factors for inclusion in fees and charges for services performed.
- f. We get dollars for our programs in various ways. Much of the basis for our existing budget came into being piecemeal with the creation of market news, grading and inspection, regulatory acts, and so forth. Many times the initiative developed outside the USDA. In connection with such operations we should:
- (1) Review marketing problems in relation to need and requirement for additional services and programs of the type AMS is qualified to develop and administer.
 - (2) Review the "AMS charter" in the Agricultural Marketing Act of 1946 with the purpose of broadening our horizons for service and expanding our approaches in coping with the real requirements of the marketing system.

- g. Industry help in dollars and personnel have not been tapped to the degree possible. Such support from States, individual firms, and civic groups also has not been fully exploited. We should expand these approaches. Thought needs to be given to the inter-State nature of the major marketing problems and to the opportunities available for putting research results into use.
- h. In developing sound programs we must assess carefully the job to be done and the necessity for it. We must identify the significant marketing problems, develop sound proposals for their solution, present these problems and solutions, and deliver on the approved programs by perfecting our Agency ability to render real public service.

IMPLEMENTATION

General plans and procedures will be developed, as necessary, to effectuate the policies and recommendations agreed upon during the conference. Areas recognized as meriting further study and review will be considered by small working groups. Such groups will be composed of the appropriate Deputy Administrator or Associate Administrator and affected program or management Division Directors or their designees. Recommendations of these small groups will be presented to the entire top staff for consideration and action as they are developed.

PARTICIPANTS

The following AMS officials participated in the "mountain-top" conference:

S. R. Smith, Administrator
Roy W. Lennartson, Associate Administrator
Harold F. Breimyer, Economist
Nathan Koenig, Special Assistant to the Administrator

Omer W. Herrmann, Deputy Administrator, Marketing Research
Earl R. Glover, Assistant to Deputy Administrator, Marketing Research
George R. Grange, Deputy Administrator, Marketing Services
F. Richard Burke, Deputy Administrator, Regulatory Programs
Henry G. Herrell, Deputy Administrator, Management

Howard P. Davis, Director, Food Distribution Division
Donald A. Russell, Director, Internal Audit Division
Franklin Thackrey, Director, Marketing Information Division

Edward J. Overby, Director, Cotton Division
Stanley C. Rademaker, Acting Director, Cotton Division
John C. Blum, Director, Dairy Division
Floyd F. Hedlund, Director, Fruit and Vegetable Division
Walter A. Davidson, Director, Grain Division
David M. Pettus, Director, Livestock Division
Clarence H. Girard, Director, Packers and Stockyards Division
Hermon I. Miller, Director, Poultry Division
George A. Dice, Director, Special Services Division
Stephen E. Wrather, Director, Tobacco Division
Wilbur T. Pentzer, Director, Market Quality Research Division
William C. Crow, Director, Transportation and Facilities Research Division

L. Kenneth Wright, Director, Administrative Services Division
Arthur J. Holmaas, Director, Budget and Finance Division
William C. Laxton, Director, Personnel Division

Maurice P. Ward, Director, Central Area Administrative Division
James R. Roberts, Director, Eastern Area Administrative Division
Paul A. Auge, Director, Western Area Administrative Division





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